

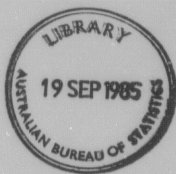


**AUSTRALIAN
STATISTICS
ADVISORY
COUNCIL**

**Annual Report
1984-85**

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Australian Government Publishing Service
Canberra 1985

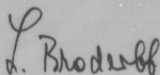
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ISSN 0155-0780

The Honourable Paul Keating, M.P.
Treasurer of the Commonwealth of Australia

I have pleasure in submitting the Report of the Australian Statistics Advisory Council for the year ended 30 June 1985.

The Report outlines the work undertaken by the Council and is submitted to you for presentation to Parliament under section 24(2) of the *Australian Bureau of Statistics Act 1975*.

A handwritten signature in dark ink, appearing to read 'L. Brodrigg'. The signature is fluid and cursive, with the first letter 'L' being particularly large and stylized.

L.A. BRODRIGB
Chairman

5 August 1985

MEMBERSHIP OF COUNCIL, 30 JUNE 1985

		Date first appointed
Dr L.A. Brodribb, AM	Chairman (as from 3.8.81)	14.1.77
Mr R.J. Cameron, CB	Australian Statistician (ex officio)	
Mrs Y.J. Bain	Vice President, National Council of Women of Queensland	14.1.80
Prof. R.J. Blandy	Professor of Economics and Director, National Institute of Labour Studies Incorporated, Flinders University	17.3.83
Mr W. Boetcher	Primary Industry Association of Western Australia	14.1.80
Mr W.J.C. Cushing	Deputy Director-General, Department of Industry, Technology and Resources, Victoria	17.3.83
Mr P.H. Goddard	Assistant Under Treasurer (Economics), Department of the Treasury, Tasmania	1.2.82
Mr R.E. Heasman	General Manager, TNT Australia	17.3.83
Dr C.I. Higgins	Deputy Secretary (Economic), Department of the Treasury	1.3.85
Mr P.D. Jonson	Chief Manager, Research Department, Reserve Bank of Australia	1.2.82
Mr J.D.S. Macleod	Group Economist, CRA Ltd	17.3.83
Dr R.C. Madden	Under Treasurer, The Treasury, Northern Territory	1.3.85
Mr N. Oakes	Secretary and Comptroller of Accounts, The Treasury, New South Wales	14.1.77
Mr L.G. Pitt	Deputy Chairman, Public Service Board, Queensland	10.11.81
Mr V.A. Prosser	Executive Director, The Institute of Chartered Accountants in Australia	17.3.83
Mr L. Purnell	Director, Trade and Commercial Services, Metal Trades Industry Association	18.10.83
Mrs K.G. Sanderson	Director, Economic and Financial Policy Division, The Treasury, Western Australia	1.10.82
Mr A.M. Smith	Director, Economics Unit, Department of the Premier and Cabinet, South Australia	14.1.77
Dr T.P. Speed	Chief of the Division of Mathematics and Statistics, CSIRO	7.12.83
Mr D.I. Stanton	First Assistant Secretary, Development Division, Department of Social Security	1.11.81
Mr N.R. Stevens	First Assistant Secretary, Industries Division, Department of the Prime Minister and Cabinet	1.7.82

Changes in membership since 30 June 1984

October 1984 Mr R.J. Rechner resigned, having served on the Council since 1977.

March 1985 Dr R.C. Madden appointed to succeed Mr O.K. Alder.

March 1985 Dr C.I. Higgins appointed to succeed Mr E.A. Evans.

April 1985 Mr R.N. Overall resigned, having served on the Council since 1979.

May 1985 Prof. M.S.T. Hobbs resigned, having served on the Council since 1977.

Note: In this Report, after the first reference, the Australian Bureau of Statistics is referred to as the ABS or the Bureau, and the Australian Statistics Advisory Council as ASAC or the Council.

INTRODUCTION

The Australian Statistics Advisory Council was established by the *Australian Bureau of Statistics Act 1975*.

This is the ninth Annual Report of the Council, and is made in accordance with section 24(2) of the Act which provides that: 'the Council shall, as soon as practicable after 30 June in each year, prepare and submit to the Minister, for presentation to the Parliament, a report relating to matters connected with the operation of this Act'.

Under section 18(1) of the *Australian Bureau of Statistics Act 1975* the Council is to advise the Minister and the Statistician on:

- (a) the improvement, extension and co-ordination of statistical services provided for public purposes in Australia;
- (b) annual and longer term priorities and programs of work that should be adopted in relation to major aspects of the provision of those statistical services; and
- (c) any other matters relating generally to those statistical services'.

The Act enables the Minister or the Statistician to seek the advice of the Council on these matters. The Council also offers advice on these matters to the Minister or the Statistician when it considers it appropriate to do so.

The Act provides that the Council shall consist of a part-time Chairman, the Australian Statistician (ex officio), and between ten and twenty-two part-time members, including one nominee of each State Premier. The Chairman and members are appointed by the responsible Minister—currently the Treasurer—for periods of five years and up to three years respectively, and are eligible for reappointment.

The Chairman receives an annual fee, set by the Remuneration Tribunal, and members are reimbursed their travel costs, where applicable. Expenditure during 1984-85 totalled \$35,464.

No requests for access to documents under the *Freedom of Information Act 1982* were received during the year.

Secretariat and administrative support for the Council's activities are provided by the ABS. The secretary of the Council is the Assistant Statistician, Co-ordination Branch, whose address is P.O. Box 10, Belconnen, 2616 (telephone (062) 525256).

SUMMARY OF THE YEAR'S ACTIVITIES

The Council met on 18 and 19 July 1984, 7 November 1984 and 12 March 1985, when it considered a number of items of business in accordance with its objectives as set out in paragraph 3 above. This report outlines the main aspects of Council's consideration of these items.

ABS work program, 1985-88

Council considered the proposed ABS forward work program, staff estimates and resource requirements for 1985-88, and examined in some detail the wide range of activities covered by the 35 programs and 115 component projects of the total ABS work program. It also kept under review developments in the 1984-87 forward work program which had been considered in the previous year. Council devoted the whole of the meeting of 7 November 1984 and substantial time at other meetings to matters impinging on the work program.

As in earlier years, Council was faced with advising on priorities for a work program in which resources likely to be available to the ABS fell short of those required to meet supportable demands for new statistics as well as maintaining those existing statistics for which there is a continuing strong demand.

In this situation, Council takes the view that priority should be given to those statistics which directly assist the deliberations and decisions of governments and other substantial bodies on matters of significant economic and social importance. The justification for any statistical work needs to be based on more than a monitoring requirement or a requirement to have information available for general interest. A distinction also needs to be made between those collections and activities best undertaken by the official statistical agency and those best undertaken by other organisations.

Council also considered the application of the 'user pays' principle as a means of determining the priorities of competing statistical demands. Because there is rarely a sole (or even a predominant) user of a particular set of statistics, the principle could not have general application across the range of ABS statistics. Moreover, official statistics are not a commodity over which a purchaser could be given proprietary rights. It is of the essence of official statistics that they are released by the statistical agency for general use. In any case, Commonwealth and State Governments are major users of almost all official statistics, so that 'user pays' would involve budgetary (rather than market) processes similar to the current practice of funding official statistics by appropriations to the ABS.

One further general point emerged from consideration of the forward work program. Council noted that, allowing for fluctuations caused by the population and retail censuses, the ABS work program in recent years has been managed with a relatively constant real level of resources. In view of increasing demands, which are reflected in major initiatives in the program and are relevant to a number of mainstream government interests, Council agreed that a bid for a higher level of ABS resources is warranted.

Against the background of these general views, Council gave extensive consideration to the major initiatives proposed in the forward work program. It agreed that additions to resources should be sought specifically for the population and retail censuses, and an ongoing addition to enable an increase in household survey capacity and the reintroduction of an annual agricultural finance survey.

Proposals in the work program for economic censuses and surveys emphasise the need to include more services industries, which are becoming increasingly important and for which there are mounting demands for statistics by Government and other major users. The proposals are still at a formative stage and subject to continuing investigations of users' needs and alternative ways of meeting those needs, and availability of the additional resources that will be required.

Council supported the general thrust towards increasing the range of services industries to be covered by economic collections, while leaving for subsequent consideration which of the services industries should be given highest priority. The ABS will report to Council on the outcome of detailed consultations with major users.

In view of the significant staff resources which are required for the 1985-86 Retail Census, the ABS examined possible staff savings in existing collections. Initially, examination focussed on the annual manufacturing census because of the large resources involved, and the gradual decrease in the economic importance of the manufacturing sector.

While very mindful of the need to maintain the current frequency of economic censuses across a range of industries, to service a variety of users and for national accounts purposes, Council considered that the ABS should also pursue the possibility of savings in the annual censuses of agriculture and mining, if sufficient savings were not found in manufacturing. Attention should be paid to possible reductions in the size and content of the censuses, while retaining a basic level of statistics.

Council asked the ABS to pursue its investigation of options for savings and trade-offs between existing and new industry collections and to develop an extended program of economic censuses and surveys in the light of the Council's views.

At its meeting in March 1985, Council considered various options for savings in the annual censuses through reductions in coverage or content, and the use of sampling methods. The implications for users were explored through ABS consultations with government agencies. While Council expressed cautious support for a large sample survey instead of the agricultural census in two years out of three, there was little support for any of the other savings options identified.

Council enquired about any other possible options which would maintain the current level of statistics while yielding some savings for use in services industries collections.

Council requested the ABS to continue its efforts to include services industries in its economic census and survey programs with a minimum of additional resources.

The second main feature of the program on which Council concentrated its attention was the topics to be included in the ongoing program of household surveys. One proposal was to seek an enhanced survey capacity to enable more topics to be covered.

Regarding the program of household surveys to be undertaken within the existing capacity, Council accorded a higher priority to a survey on income over the competing demand for a survey on the subject of ethnicity (see reference under the 1986 Population Census), and strongly supported a survey at the earliest opportunity on domestic care of the aged and handicapped in view of the increasing community needs in these areas, and the attention being given to these subjects by welfare bodies and governments.

Council agreed that the number of important topics currently not able to gain a place in the program provided strong justification for enhancement of the ABS household survey capacity. If the ABS was not able to undertake such additional work, it seemed likely that demands would be met through surveys by other organisations which are less expert in statistical collection and whose statistics may be open to doubt. However, Council emphasised the need to apply the priority setting criteria which it had stated in its general consideration of the forward work program. Although highly desirable, culture and leisure were seen as topics of lower priority.

Council advised against projecting too far ahead the topics to be included in the enhanced survey program, in order to retain the ability to accommodate high priority needs which might emerge later.

In considering an enhancement of household surveys, Council was very mindful of respondent burden, as it is for all statistical collections. While household cooperation currently is high, adverse views are encountered from time to time. Council advised the ABS to make increased efforts in its public relations and monitor carefully any adverse respondent reaction.

The third major initiative discussed by Council was a survey of labour on-costs, on which the ABS is currently undertaking a feasibility study. This study was commenced in response to a demand for labour on-costs statistics, and their connection with the Government's prices and incomes policy.

Council strongly supported the proposal as a top priority in the work program. However, it recognised the difficulties to be overcome in developing and conducting the survey, as reflected in previous attempts by the ABS and business associations to measure labour on-costs. There is no ready definition of what constitutes labour on-costs; the extent to which data on various components of on-costs are readily available from business records is variable; and on-costs other than those in the form of direct remuneration to the employee are likely to be particularly difficult to collect. Despite the urgent need which the private sector as well as the Government has for authoritative statistics on labour on-costs, the ABS will need considerable time to develop standards and ways of minimising the amount of effort required from businesses which would be called on to provide information for the survey.

Against this background, Council made a number of recommendations regarding the approaches to be taken by the ABS in developing and implementing a survey.

Full consultation with potential users and suppliers of on-cost data are essential in order to strike the right balance between what items of data are needed and the costs to businesses of supplying this information. Regarding users' needs, it is important for the ABS to consult with private sector associations as well as with users in the government sector. The items of data to be collected should concentrate on those which would serve policy related needs rather than attempt to satisfy more specialised interests. Subject to satisfying the main needs, the components on which data are to be collected should be limited in the short term to the more generally available items such as superannuation, payroll tax, workers' compensation, and holiday, sickness and long service leave costs. Provision of data on some items would be facilitated if they were collected on an accrual basis rather than actual payments, and if special arrangements were made with individual businesses for the supply of their data. Finally, the ABS needed to publicise the benefits which could be expected from the survey amongst the business community and its timetable for consultation, development and collection.

On these and other aspects, Council requested the Statistician to give careful consideration to its views in presenting the work program for the Minister, and in the execution of the program approved for the ABS. Council also conveyed its main conclusions on the 1985-88 forward work program, and on the pressures on the ABS and its resources generally, to the Minister directly, as an input to Government consideration of the ABS forward work program.

1986 Population Census

Council devoted a full day to a discussion of the 1986 Population Census.

Council regards the census as providing information of vital interest to Federal, State and Local Governments, to the business community, research bodies and to the public generally. It reaffirmed its view that the 1986 Census should be a full census in terms of its coverage of the population and that there should be full processing of the data collected. However, in the interests of limiting costs and respondent burden, Council maintained that the content of the 1986 Census forms should be no greater than for the 1981 Census.

Council examined closely the topics and associated questions proposed for the census form; the following main issues and Council views emerged.

Council was not convinced of the justification for a set of questions which had been proposed to the ABS on whether a person had been married more than once, the year in which first married, and on the number of children (to be asked of males as well as females). While noting that the main purpose of the proposed questions was to enhance the analyses of contemporary family structures and support, Council urged further investigation of the need for these statistics and of the likelihood of collecting useable data, from males as well as females, on the number of children. Council welcomed other efforts being made by the ABS to improve the data on families obtained from the census.

A small number of suggestions had been made to the ABS that the main labour force questions be extended in an attempt to obtain information on persons engaged primarily on home duties. ABS field testing had shown that inclusion of such a question caused confusion for people such as those active in the labour market as well as being engaged in home duties, or those doing paid domestic work in another household. It not only resulted in unreliable data on this particular subject, but also had adverse effects on the quality of responses to the main labour force questions. While acknowledging the community interest in home duties as an activity, the case for inclusion appeared to rest more on the need for recognition of a group in the community than on the demonstrated uses that would be made of such data. In view of this, and the likely adverse consequences for labour market data, Council advised against inclusion of a question on home duties, whether as an addition to the labour force questions, or as a separate question, particularly in the face of current demands for other topics for which an equal or stronger case could be made. Council advised that, if the question were excluded, particular attention should be given to informing the public of the underlying reasons for the decision.

Council considered the proposed inclusion of a question on ancestry, which would be in addition to questions asked in the census on birthplace, birthplace of parents, year of arrival of migrants, citizenship, Aboriginal or Torres Strait Islander origin, language used at home, proficiency in English, and religion. The proposal came from a Committee established by the ABS to report on ways in which information could be obtained in a census to satisfy requirements for data on ethnicity. After considering the two main alternatives of an ancestry or a group identification approach, the Committee had recommended the inclusion of a question on ancestry as being likely to provide more reliable data. The Chairman of the Committee, Emeritus Professor W.D. Borrie, attended the Council to assist in its deliberations.

Council recognised the difficulties faced by the Committee, but questioned the reliability and usefulness of data that would be obtained by including a question on either basis; and whether such data would be an improvement on information on ethnicity which would be available from other census questions. Council doubted the priority of including an additional ethnicity question, compared with unsatisfied demands for questions on other topics. Council concluded that an additional question on ethnic origin, whether framed in terms of ancestry or group identification or any other terms, had lowest priority among the proposed questions relating to ethnicity and a relatively low priority among the proposed census questions generally.

Council also made suggestions on proposed census questions on income, travel to work, Aboriginals, education and occupation.

Council conveyed to the Minister its views on the 1986 Census generally and on the particular census topics outlined above.

The Government decision on topics concurred with Council's views on the issues of reporting the number of children and persons engaged primarily on home duties. On the question on ancestry, the Government noted Council's reservations on its priority, but considered that there was sufficient importance attached to the topic to warrant its inclusion.

Council welcomed the Government's decision that there should be full processing of the data collected.

The public awareness program and other developments for the 1986 Census are to be the subject of subsequent Council consideration.

Building and construction statistics

Arising from a paper on current and planned activities on building and construction statistics, Council questioned the reasons for the lack of statistics on construction activity undertaken directly by government organisations and authorities. Council noted that the ABS is planning to extend the 1984-85 Construction Industry Survey and, subsequently, the quarterly construction (other than building) survey, to cover these construction activities.

Other aspects of construction statistics discussed by Council included the treatment of certain preparatory construction costs (such as design, specifications, and environmental impact studies), and the significant undercoverage of small businesses in the construction industry survey (which the ABS advised would be substantially rectified by the facility to access tax records of businesses, referred to elsewhere in this report).

Science and technology statistics

Council considered the current and planned ABS activities in the field of science and technology statistics.

Regarding surveys of research and development, Council noted difficulties experienced in reporting university and other research activities according to statistical concepts and classifications. It noted consequent reservations about the meaning and usefulness of the survey results. However, it recognised that the ABS was in the position of having to continue to run surveys on a subject of topical interest which did not lend itself easily to statistical collections, but for which there was a strong demand for government policy in the field of science and technology. The difficulties were inherent in a survey on this subject and much the same problems were encountered overseas. The ABS went further than some overseas statistical agencies in seeking direct measurement of research and development activity, and attempted as far as resources permitted to overcome reporting problems through consultation with survey respondents.

Manpower statistics

Council considered a paper on the range of manpower statistics produced. It noted that although the Manpower program accounted for over 20 per cent of ABS expenditure, the ABS had been unable to satisfy significant demands for data on certain aspects such as non-wage labour costs, Aboriginal employment and unemployment, a longitudinal survey of the unemployed, and better data on industrial accidents and diseases.

Council discussed progress on regional estimates from the monthly labour force and other household surveys, in which the States had a particular interest, and the limitations applying to such data. The ABS emphasised that sample design could not be oriented entirely to minimising standard error on regional estimates without increasing errors on Australia and State/Territory figures of employment and unemployment. More generally, trade-off was involved between the number of regions for which estimates were produced and the reliability of the data.

Council welcomed the current ABS efforts to develop regional estimates and agreed that the inherent problems of sample size in the smaller States and the Northern Territory should not deter the ABS from providing regional estimates wherever viable. At the same time, the ABS sounded a note of caution about possible dissatisfaction by users about the limitations of the estimates and likely pressures to use them for purposes for which they were not suitable.

Council acknowledged and praised the production of much more timely statistics on a range of manpower topics from the monthly population surveys in recent years, and the efforts which the ABS had put into this development.

Statistics on Aborigines

Council discussed the current situation regarding statistics about Aborigines and possible directions for future development.

An Aboriginal statistics unit is being established in the ABS as a focus of activities in this field. Special attention is also being given to increasing further the accuracy of enumeration of the Aboriginal population in the 1986 Population Census, and generally to help users to make full use of the amount of census data available on Aborigines. A Commonwealth Task Force, in conjunction with senior State and Territory officials, has reached substantial agreement to develop a range of consistent births, deaths and health statistics on the Aboriginal population, as a by-product of registration records.

Council probed various aspects of the identification of Aborigines for the purpose of compiling statistics through the census and administrative by-product sources. It urged the ABS to maintain the impetus on these activities, and particularly to ensure the involvement in its consultations of State and Territory agencies and industry organisations with interests in Aboriginal matters. Council noted that the proportion of Aborigines in the population was too small for periodic sample surveys to yield reliable data on Aborigines and that special purpose surveys would be costly and of doubtful effectiveness.

The development of other initiatives depends on clarification of the requirements for Aboriginal statistics, which are not well articulated. The ABS is pursuing this in consultation with user agencies.

Use of business taxation data

Council considered developments regarding ABS access, strictly for statistical purposes, to the income tax records of businesses. The purpose of this initiative was to improve the coverage of some major economic collections and the data available for the national accounts.

Council acknowledged the statistical benefits to be gained from this facility, which was a feature of official statistical activities in a number of overseas countries. However, there would be no accompanying reduction in respondent burden; and concern was expressed about the possibility of this development being seen by the public as also involving provision of data by the ABS to the Australian Taxation Office, which might have adverse effects on the ABS's reputation for independence and integrity and on the cooperation of respondents in statistical collections. Council noted that the ABS had had access for many years to other business tax records (Group Employers and Tax Stamp Registrations) without any such adverse effects. There will be no provision of data by the ABS to the Australian Taxation Office.

Forms of data dissemination

In keeping with its ongoing interest in this aspect of the ABS statistical service, Council considered the latest activities and developments on data dissemination.

Council welcomed the development of compendium publications, which bring together statistics from diverse sources on broad social topics and have generated much public interest. While recognising the relatively high cost of producing such publications, Council recommended that the ABS continue to do so within the limits of competing demands on its resources. Council also commended the improved presentation of main features in ABS current indicator and summary publications.

Council also considered whether the ABS was making appropriate use of modern electronic technology for the dissemination of data. It noted some reported dissatisfaction by users and suggested areas in which the ABS should consider taking further advantage of developments in technology. It urged wider consultations with both non-government and government users. The ABS reported that investigations were continuing on the feasibility of establishing a central data base of frequently used statistics on CSIRONET, capable of electronic access. The diversity of hardware and software installed by users meant that costs of disseminating data on floppy discs would be high.

General

Council gave preliminary consideration to the ABS Occasional Paper, 'State Accounts, Australia: Issues and Experimental Estimates'. Previous Council discussions had been instrumental in the development of this Paper. Council welcomed the Paper as providing a good basis for further consideration and development of State Accounts, and invited members to submit detailed comments.

Council discussed ABS progress on reviews of existing and proposed Commonwealth statistical collections, and the development of a register of collections. Council asked the ABS to continue to pursue further ways in which the statistical component of the government paper burden on the community could be alleviated. Council members were invited to inform the ABS of any instances where there was apparent duplication of statistical collections, where the ABS might be able to play an effective coordinating role.

Council considered a paper on the main features of ABS integrated economic statistics and its register of businesses, and suggested that there be wider dissemination of the paper among users of ABS economic statistics.

In addition to its continuing attention to all aspects of the ABS work program, matters which Council will consider in 1985-86 include the 1986 Population Census, the longer run future role of the population census, the review of the Consumer Price Index, the transport industry survey, retail statistics, the national accounts, compendium social publications, the balance between economic and social statistics, and the Joint Management Review of ABS Management Services.

The Council wishes to record its appreciation for the assistance received from the Statistician and his officers in the presentation and comprehensiveness of information provided on the matters considered by Council, and the courtesy and efficiency with which secretariat and other services have been made available.

The Council wishes to take this opportunity of paying tribute to Mr R.J. Cameron, C.B., B.Ec., M.Ec., Ph.D., who will retire from the position of Australian Statistician in August 1985. As head of the ABS since 1977, Mr Cameron has made an outstanding contribution to official statistics in Australia. He has given ready and valuable support to the work of the Council, of which he is an ex officio member, and he takes with him the good wishes of Council members, past and present, for a long and fulfilling retirement.

